CLASSIFICATION ~~SECRET~~ CONFIDENTIAL 25X1A

REPORT NO. [redacted]

25X1A

INFORMATION REPORT

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CD NO.

25X1A

COUNTRY Hungary

DATE DISTR. [redacted]

SUBJECT **Planned Production and Distribution of Hungarian Coal during 1949; Organic and Inorganic Chemical Industry**

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SUPPLEMENT TO REPORT NO.

25X1X

[redacted]

Planned Production of Coal

1. The Planning Office, in cooperation with the Coal Industry Administration, expects to have 302 working days in the Hungarian coal mines during 1949 and an average daily coal production of 38,000 metric tons. Thus, the planned total of Hungarian coal production for 1949 amounts to 11,476,000 tons, or an increase of eight percent over the 1948 production of 10,500,000 tons. No reserves were built up during 1948 and none are contemplated in 1949. The increase in production for 1949 has already been allocated, primarily to caloric power plants and to the construction industry.

Distribution of Coal Production

2. It is estimated that the planned total production of 11,476,000 tons of coal for 1949 will be consumed as follows:

	Metric Tons
a. Coal mine machinery and corollary installations such as small gauge railroads, workers' allotments, shops, kitchens, and public baths.	700,000
b. Iron, machine, and tool industries	1,800,000
c. Electric power plants	2,250,000
d. Hungarian State Railroads, locomotives and installations.	1,800,000
e. Hungarian State Railroads, allotments to employees	300,000
f. Other railroads	100,000
g. Construction industries including brick, lime, stone, and cement plants	550,000
h. Textile industry	300,000
i. Chemical industry	200,000

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DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 15 MAY 82 By: CIA RDP82-00457R002600690005-7

		Metric Tons
j.	Rubber industry	30,000
k.	Leather industry	50,000
l.	Glass and ceramics industries	96,000
m.	Sugar refineries	250,000
n.	Flour mills	100,000
o.	Alcohol and yeast industries	50,000
p.	Canning and other food industries	50,000
q.	Operation of agricultural machinery	50,000
r.	Flood control	30,000
s.	Public buildings, schools, and hospitals	200,000
t.	Private and central heating systems	1,100,000
u.	River shipping	180,000
v.	Gas for public utilities	40,000
w.	Oil industry	10,000
x.	Beer industry	50,000
y.	Other industries	10,000
z.	Reserve supply, a part of which is to be used for exports	1,180,000
	Total	11,476,000

Production of Coal by Districts

3. Southwestern District

		Average daily production in metric tons
a.	Pecs	2,700

The mines in this area are under Soviet control and were formerly the property of DDSG. They produce coal with a caloric value of 5,500 - 6,300 which has a tar-like residue hard to remove from grates.* The impurities are removed by hydraulic pressure. Coal produced here is to a large extent small-grained, and very little nut, square, or larger grades of coal are obtained. Egg-shaped and brick-shaped brickettes are produced from the smallest grained coal. The main consumers of Pecs coal are river shipping, Hungarian State Railroads, the coke plant of Pecs, gas plants, and industrial establishments near Pecs. The brick-shaped brickettes are used to operate agricultural machinery and the medium-sized coal is used in blast furnaces.

b.	Kömlö	700

The mine at Kömlö has always been State property. The coal has the same tar-like residue as the coal from Pecs and has a caloric value of 5,500 - 6,200. It is planned that the average daily production of the mine will be increased to 2,000 tons, and that all gas plants will receive their coal supply from this mine. Like the mines of Pecs, the coal mined here is predominantly of a very small grain and only a fraction of the production is of larger grades

Average daily production in metric tons

c. Szászvár, Nagymányok and Maza — 600

Former property of the Salgo-Tarjáni koszenbánya r.t. The coal is similar to that mined at Pecs in size and has the same tar-like residue. The caloric value of coal from the Szaszvár and Nagymányok mines is 5,500 - 5,800; that of the Maza mine is 3,600. Main consumers are Hungarian State Railroads, and blast furnaces.

4. Tata, Dorog District

a. Tata — 9,100

The shafts are located at Tatabánya, Felsögalla, and Oroszlány, and the mines produce the purest brown coal in Hungary. 33 - 34 percent of the coal mined at Tata has a caloric value of 3,500 - 3,850 and 66 - 67 percent has a caloric value of 5,000 - 5,100. The slate coal obtained here is used primarily by the power plants of Tata and Bánhida. The brown coal mined in the Tata and Dorog district is the main source of the Hungarian supply and is used, with the exception of the Borsod and Pecs regions, by every industrial establishment in Hungary. It is used as a leader to aid in the consumption of poorer quality coal such as that mined in Nógrád, Borsod and Pannonia. The Tata mines were formerly the property of the Magyar Általanos kószénbánya r.t., and have coal-sorting stations at Felsögalla and Tatabánya. The seams are close to the surface and mining per caloric unit is the cheapest in Hungary. Most of the miners live in workers' colonies or nearby settlements. Large industrial establishments are situated around the mines, such as the power plants of Tata and Bánhida, an aluminum factory, a cement plant, lime plants, and a carbide plant. It is planned that the Hungarian aluminum industry will be concentrated in this region and that the aluminum manufacturing equipment of the Manfred Weiss Works will be moved to the area at enormous cost.

b. Dorog and Tokod — 3,650

After Tata, this is the second best brown coal mine in Hungary but there is extensive seepage in the shafts. The coal, which is primarily used as a leader, has a caloric value of 4,500 - 4,900. Approximately 800 tons of Dorog's daily production is shipped by river barges to the Manfred Weiss Works, the MFTR, and the electric works of Budapest. This region has a number of larger industrial establishments including the power plant of Dorog, a carbide factory, a brickette plant, a coal ahydration plant, and lime plants. **

c. Mogyoros — 150

The caloric value of the coal is 3,600 - 3,800. It is a smaller mine with temporary sorting equipment.

d. Ebszony — 200

Caloric value 2,900 - 3,100

e. Pilisszentiván — 600

Caloric value 3,500 - 3,600. Since the autumn of 1948, coal in the mine at Nagykovacsi, on the opposite side of the mountain, has been worked through the Pilisszentiván

mines via a sloping shaft connecting the two.

5. Nograd District 5,200

a. Nagy-Batony

b. Rima

Both the Rima and Nagy-Batony mines were formerly the property of the Salgo-Tarjani koszenbánya r.t. Caloric value of the coal is 3,200 - 4,200. A fair grade of second-rate coal is produced which is used by most of the larger industrial establishments in Hungary for blending with higher grade coals. Around the mines are several larger industrial establishments including the power plant of Zagyva-Rona, a ferrosilicon plant, glass factories, the Rima alcohol plant, and the machine factory at Salgótarján. The ferrosilicon plant has been completely reconstructed and began production in August 1948.

6. Middle Pannonia District

a. Ajka 1,400

Caloric value of the coal is 3,200 - 3,600. The mine is still in the developmental state and a new shaft with three seams has been recently opened at Padrag. There is considerable seepage in the shaft. The power plant of Ajka is the largest consumer of the mine's production but does not receive enough small-grained coal from the mine to cover its requirements. The nut-sized coal produced here is shipped to the Egyesült izzolampa es villamossági r.t., but the larger sized coal has many impurities and crumbles easily, so that its marketing is more difficult.

b Várpalota 1,700

A lignite mine with a coal refining plant. The raw lignite has a caloric value of 2,200 - 2,300. The processed or ahydrated lignite has a caloric value of 4,000. The ahydration is done in autoclaves with the application of steam, and 40 percent in weight is lost in the process. ** Only grains of coal 25 millimeters in diameter and above are processed in this manner. Raw lignite is used by the power plants of Várpalota and Füzfo and by the nitrogen works at Pét. Processed small-grained lignite up to 6millimeters in diameter is used by the power plant of Várpalota and processed small-grained lignite from 6-20 millimeters in diameter is chiefly used by the nitrogen works in Pét.

c. Dudar 400

The mines at Dudar have been developed in recent years. The coal has a caloric value of 3,600 - 3,800 and much of it is powdery.

d. Kisgyom 500

Caloric value 3,400 - 3,800. The mine yields a fair blending coal which is used primarily by the electric works of Budapest and by the Wolfner leather factory in Ujpest.

e. Pusztavam and Mor 700

During the war the Pusztavam mines were opened in the same vicinity as the mines at Mor. The seams are very rich and, according to source, the mines will probably become one of the main sources of supply for Pannonia. Caloric value 3,400 - 3,800.

f. Brennberg 300

A hard coal mine near Sopron with coal having a caloric value of 5,300 - 5,500. It supplies Sopron and the surrounding area.

7. Borsod District 9,000

The district consists of a great number of smaller mines producing small inferior grades of coal with a caloric value of 2,300 - 3,400. Approximately 250 tons of better grades per day are produced at Kirald and at Egercsehi.

8. Lignite District

Rózsaszentmarton 1,100

Caloric value of the coal is 1,600 - 2,100. The mine is being developed at present and after August 1949 will supply the Matravidek power plant, Uj-Lorinc, when the power plant is expected to begin production.

Total average daily coal production in Hungary 38,000

Miscellaneous Information on Production and Transportation of Coal

9. The Hungarian coal industry is characterized by the absence of mechanical mining equipment and the majority of the coal is extracted manually. A very few mines are equipped with mechanical bores and scraper conveyors, but most of the coal seams are narrow and discontinous. Production suffers from a shortage of narrow-gauge coal cars which were not maunfactured during the war. After 1947, production of the cars was hampered by the lack of ball bearings.

10. A seasonal shortage of railroad cars for the transport of coal is felt during the months of September, October, and November when the movement of agricultural products takes precedence. In order to compensate for these shortages, the Hungarian Government has ordered that all railroad cars be unloaded immediately upon receipt, whether at night or on holidays, and has forbidden the transportation of sand, stone, bricks, and cinders during these months. Railroad cars with 15-20 ton capacities are used only to transport sugar beets and coal. Four thousand railroad cars with a total capacity of 65 - 68,000 tons were put at the disposal of the coal industry during the autumn of 1948. The rotation period of one railroad car, beginning with the loading and ending with the return of the empty car to the loading point, is an average of 96 hours.

11. There has been no noticeable stockpiling of coal in preparation for possible wartime shortages, and the recent increase in coal production is in accordance with both the three-and five-year plans which were formulated some time ago. Although Hungarian factories have not been directed to build coal reserves for a possible war, an increase in war industries and the building of a reserve supply is possible from the projected coal production for 1949 On the basis of relative capacities of the mines and types of coal most needed by Hungarian industry, increases in coal

production should be made primarily in the Southwestern District, according to source. The mines at Kömlő will become increasingly important in the supply of the Kömlő gas plants and of the projected coke plants and smelting furnaces which are to be built in this region, possibly at Mohacs. The establishment of coke plants and iron smelting furnaces in this region was first planned in 1942, and the plan has now been revived in the hope that Hungary can be made independent of imports by providing its own coke supply.

12. Another sensitive spot in the Hungarian coal industry is the short supply of wooden mine props. The average consumption of props is 0.33 cubic meters for each ton of coal mined and they cannot be supplied by the forests of Hungary in which only small quantities of pine are grown. The mine props are imported mainly from Slovakia and Austria and, to some extent, from the Carpatho-Ukraine and Rumania. Since the Cominform rift with Tito, no mine props have been imported from Jugoslavia.

13. The quality of Hungarian coal is gradually improving through more conscientious work and coal sorting. Although government bulletins publishing coal prices for different qualities of coal in 1945 - 1947 listed caloric values higher than the actual values, the information in the bulletin published on 16 October 1948 is correct. When the coal mines were privately owned the government did not permit an increase in coal prices, but since the nationalization of the mines prices have been increased twice. The purpose of these price increases was to eliminate deficits in the coal industry, but they forced other industries such as electric power plants into debt, because the government would not permit passing the resulting increases in production costs to the ultimate consumers.

14. After the nationalization of the mines the administration of the Hungarian coal industry was centralized until 1 August 1948. At that time each of the coal districts began to be administered independently, with the exception of sales organizations and procurement of materials which are still administered by a central office for the whole of Hungary.

15. The Dorog, Pilisszentiván, and Ajka mines are particularly subject to seepage. If the electric power for the pumps at Dorog were to be cut for a period of 48 hours, the mine would become completely flooded. The Mányok, Szászvár, and Brennberg mines are susceptible to fire and explosion from excessive amounts of coal dust, and the Tokod and Dorog mines have dangerous methane gas contents.

Planned Consumption of Coal during 1949 by Industrial Branches

16. The planned consumption of coal within the coal industry itself during 1949 is 700,000 tons which is to cover the needs of administration buildings, storehouses, shower rooms, schools, cultural centers, day nurseries, locomotives and other machinery operated by the coal industry, workshops, and private homes in the mining communities. The amount of coal allocated to miners is determined by the caloric value of coal in different localities. The miners of Tata and Dorog receive 5.8 tons per year for example, and those of Nograd and Borsod receive 7.2 tons per year. Morale in the mining communities suffered from a new decree during the winter of 1947 - 48 whereby only workers with families and separate quarters received the full allotment of coal. Before that time the miners had been able to augment their incomes to a considerable extent through the sale on the black market of extra coal obtained from the allotments of single persons or of more than one member of a family working in the mines. In spite of such decrees which irritate the workers, worker output has increased steadily and in 1949 approximated the pre-war level. The working day is 8 hours and includes portal-to-portal time. Thus the actual time in the mines for each of the three shifts is 7 - 7½ hours per day. Production could of course be increased by restoring the former working day of 8 full hours in the mines and by introducing Sunday and holiday shifts.

17. The yearly allotment of 1,800,000 tons for locomotives is delivered to the Hungarian State Railroads at a daily rate of 5,000 tons. The Hungarian coal is mixed with high grade hard coals from Poland. The quantity imported from Poland was not known to source, but the blend of the Hungarian and Polish coals has a caloric value of 4,250. Hungary now has a total of 1,300 locomotives many of which are over-age and obsolete. Only 500 locomotives obtained after the war from the United States and approximately 100 locomotives of Hungarian origin are in good condition. One hundred of the American locomotives were recently dismantled and the salvaged parts were used in the repair of other locomotives. Only two or three new Hungarian-manufactured locomotives have been alloted to the Hungarian State Railroads since the end of the war, and the rest of Hungary's production has been sent to the USSR as reparations. As of December 1948 the Hungarian State Railroads had received no directives concerning accumulation of war reserves but, on 16 December 1948, there was sufficient reserve coal for 42 days of operation accrued during the unusually mild winter of 1947-48. During the second world war the Hungarian Chiefs of Staff insisted on a coal reserve of 21 days for the railroads but were able to maintain a reserve of only 10-11 days. Except for the repair and reconstruction of old lines, no railroad construction was observed. In September 1948 the second track of the Budapest-Miskolc line was repaired and brought into operation.

18. The allotment of 300,000 tons of coal per year for employees of the Hungarian State Railroads also includes fuel used in heating administration buildings, hospitals, and clubhouses operated by the State Railroads.

19. The projected consumption of coal by the chemical industry during 1949 is 200,000 tons. The incidental information below on both organic and inorganic chemistry projects in Hungary was obtained by source from contacts developed through his long association with the Hungarian coal industry.

Organic and Inorganic Chemical Industry in Hungary

20. Organic chemistry is still undeveloped in Hungary although there is an abundant supply of basic raw materials such as oil and natural gas. Intermediary materials such as benzol, pethylen, and acetylene are not produced in Hungary and the pharmaceutical, dye, and plastic industries are dependent upon imports. According to the three- and five-year plans, however, factories are to be established at Pét to manufacture these products. The construction of these factories has already begun and native petroleum and natural gas are to be used as basic raw materials. Until production can begin at Pét, it is planned that the Magyar Vegyimüvek, a war-time synthetic rubber plant at Rákoskeresztúr, will produce acetylene, chlorhydrin, synthetic acetic acid, acetaldehyde, phenol, phtalic acid, and butylene glycol from alcohol. Furfurol is to be made at Vegyimüvek from sugar refinery waste by an American process which the Hungarian Government intends to expropriate. Cresol and phenol are currently produced in the distillery at Dorog, and the estimated production of chemicals during 1949 is 160 tons, an increase of 100 tons over 1948. The Dorog distillery reached a previous peak production of 100 tons per year in 1942-43. Twenty percent of its production is orthocresol, 15 percent is phenol, and the remaining 65 percent is meta- and para-cresol. Thus the 160 ton production projected for 1949 is very high and, in the opinion of source, can succeed only if coal tar is effectively collected from all possible sources. The chemical industry has been hampered by lack of cooperation from the central directorate of heavy industries (NIK), which has refused to allocate coal tar from Dios, Gyor, and Csepel to the chemical industry and has used the tar as heating fuel. According to source, almost all nationalized branches of Hungarian industry are in debt and are therefore unwilling to help one another. The friction which prevails among the various branches of industry makes it doubtful that sufficient coal tar can be obtained to enable Dorog to meet its goal of 160 tons in 1949. The distillery at Dorog also produces 150 tons of brown coal impregnating oil per month. All Hungarian plants concerned with organic chemistry produced at only 25 percent of their potential capacities during 1948.

21. Most of the raw materials used in inorganic chemistry including salt, copper, and pyrites are imported but can all be supplied by satellite countries. The main factories engaged in inorganic chemistry are those of the Magyar Vegyimüvek, with plants in Budapest on Illatos ut and Kenyer ut and in Nagyteteny, Fuzfo, and Pet, which produce sulphuric acid,

hydrochloric acid,ard natron chloride. The inorganic chemistry plants of Hungary are currently operating at 75 percent of their potential ca- capacities.

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25X1X 2. [redacted] all funds intended for the development of smaller chemical plants during 1949 were cancelled in December 1948 and were allocated to the development of the Nitrokémia Iportelpek r.t. plant in Fúzfo which produced gun powder during the last war. This factory was dismantled by the Soviets in 1945.

25X1A * [redacted] Comment: The caloric values given throughout the report probably refer to the numberof calories of heat released by the complete oxidation of one kilogram of coal.

25X1A ** [redacted] Comment: The hydration processing of coal is unknown here but may be some sort of cleaning or dehydration operation

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CENTRAL INTELLIGENCE AGENCY

INTELLIGENCE INFORMATION REPORT
GRADING SHEET

25X1A

OFFICE OF ORIGIN	REPORT NO.
25X1A [redacted]	DATE O[redacted] 27 April 1949

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VALUE			EVALUATION OF CONTENT		
A	OF CONSIDERABLE VALUE		1	CONFIRMED BY OTHER SOURCES	
B	OF VALUE		2	PROBABLY TRUE	
C	OF SLIGHT VALUE ONLY		3	POSSIBLY TRUE	
D	OF NO VALUE		4	DOUBTFUL	
E	ALREADY SUFFICIENTLY KNOWN		5	PROBABLY FALSE	
F	NO DATA PERMITTING ASSESSMENT		6	CANNOT BE JUDGED	

COMMENTS 25X1A

Paragraph 1 [redacted]

Paragraph 2 [redacted] (Radio direction-finding stations in Hungary are located at Budaors, Szambathely and Papa; these stations transmit on a frequency of 333 kc. (a second station a Budaors transmits on a frequency of 322 kc.). The call signs used at airfields listed in paragraph 2 are confirmed by other sources. The transmitting frequencies listed in the report (exce t for that of Papa) are correct for the non-directional raido beacons located at the airfields referred to. The radio beacon at Papa transmits at a frequency of 370 rather than 340 as indic ted in the report. The fre uency of the Budapest radio station is 546 kc. as indicated in the report).

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INTELLIGENCE INFORMATION REPORT

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(Page 2)

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COMMENTS

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Paragraph 3 [redacted] (Col. Orlov has reportedly been recalled to the USSR).

Paragraph 4 [redacted] (The Budapest-Venice route has been terminated, having been operated only on a provisional basis for a short period during 1948).

Paragraph 5 [redacted] 25X1A

Paragraph 6 [redacted] (Hungary's attempt to purchase an "Air-Speed Consul", and to negotiate aircraft purchases through Ernest Menczer and certain Swiss firms are confirmed by other sources.)

Paragraph 7 [redacted] Construction of Farkhegy was to have been completed by 1 June 1949). 25X1A

Paragraph 8 G/TR not qualified to evaluate

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